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FILE ONLY

Accused Missile Spy Pleads Not Guilty

By MARK A. STEIN, *Times Staff Writer*

Accused Silicon Valley spy James D. Harper Jr. pleaded not guilty Monday in U.S. District Court in San Francisco to charges that he stole sensitive nuclear-missile secrets and sold them to Soviet Bloc agents.

Harper, who has been in custody since his arrest last October, was indicted Friday by a federal grand jury on nine charges, ranging from tax evasion to delivering national defense information to aid a foreign government.

He allegedly photocopied 61 reports on ballistic-missile defense secrets and delivered 37 of them to Polish agents in Europe and Mexico starting in 1979. The reports, which eventually were sent to the Soviet Union, allegedly were stolen from a Palo Alto research company that employed Harper's second wife, who held a "secret" security clearance before her death in June.

Although he has allegedly detailed his espionage activities to investigators, Harper's plea of innocence did not surprise them. "The fact that a person would give a statement, even if it may incriminate, does not constitute a concession (to the charges)," U.S. Atty. Joseph P. Russoniello said.

Neither of Harper's lawyers, William Dougherty of Tustin or Jerrold Ladar of San Francisco, would discuss his plea Monday. "I can't comment on that at the moment other than to say that . . . the plea is the plea," Ladar said.

Earlier, however, Dougherty and other sources close to the investigation said that Harper, 49, of Mountain View is cooperating with investigators and additional indictments can still be made in the case.

Russoniello said Monday that he cannot discuss Harper's role in the investigation, "except to say there is an adversarial relationship." However, he did say that there are "certain aspects of the investigation (that) are still continuing."

Those aspects might include the investigation of suspected accomplices, notably William B. Hugle, a San Jose businessman described in an early FBI affidavit as having introduced Harper to Polish spies and sharing in some of the \$250,000 Harper allegedly received for the stolen documents.

Hugle, 56, the only person named in the October affidavit who was not included in Friday's formal indictment, said he is innocent. The allegations in the FBI affidavit, he added, have seriously damaged his reputation.

Seize Financial Records

Sources close to the investigation have said that they are having trouble proving an espionage case against Hugle. However, after Hugle's private financial records were seized last month, Assistant U.S. Atty. William Farmer said the government may pursue a tax-evasion case against him.

Harper is scheduled to return to court Friday, when his attorneys have been instructed to explain to U.S. District Judge Samuel Conti why Harper should not face the death penalty.

According to the U.S. Code, the maximum penalty for delivering defense secrets to a foreign government is death, but Assistant U.S. Atty. John Gibbons said the government will not seek the death penalty in this case.